

Competitiveness

Helping businesses
to win: consultation
on a new approach
to business support



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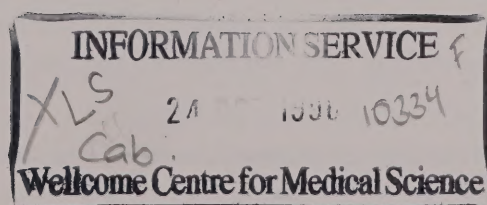
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I Introduction

1.1 On 11 March 1996, the Prime Minister announced a radical, cross-Government review of the support which Government provides to businesses. This paper is a central part of that review. Its purpose is to consult businesses and business support organisations on a proposed new approach to business support.

1.2 The paper sets out the Government's preliminary views on:

- areas where the current system of business support could be improved (Section 2)
- an extended role for Training and Enterprise Councils (TECs) and Business Links and their partners; and for Trade Associations in the design and delivery of sectoral support (Section 3)
- how that extended role might best be implemented in practice, in order to achieve a business support system with more accessible and customer-focused assistance and significantly fewer separate schemes (Sections 4, 5 and 6).

1.3 Section 7 invites businesses and others to comment on these proposals.

Why carry out a review?

1.4 The Prime Minister decided to launch such a review for a number of reasons.

1.5 First, the Government increasingly delivers its business support in partnership with the private sector, making it more effective and responsive to customer need. At sectoral level, the Government is working closely with Trade Associations and other sectoral bodies. And at local level, the Government and business community have together revolutionised the provision of business support during the 1990s. Through creation of the national networks of TECs and Business Links, the Government has given the private sector a key role in:

- the establishment of priorities for training and economic development at local level
- delivery of a significant proportion of the Government's business support.

1.6 However, many of the Government's schemes and services for business pre-date TECs and Business Links. The Government believes that, with the national Business Link network now virtually complete, the time is right to examine the wider business support system with a view to ensuring it takes proper account of the new, business-led infrastructure.

1.7 Second, the Government is committed to enhancing the UK's economic performance by taking action across all the factors which affect competitiveness. The 1996 Competitiveness White Paper commits the Government to developing, with business and all relevant partners, statements of the actions needed to address the competitive challenges faced by every English region and every sector of industry. This calls for a common strategy towards support for industry, both across Government Departments and between Government and businesses at local and sectoral level.

1.8 Third, feedback from the business customers for Government support services suggests that, although the support currently available is needed and welcome – particularly the Business Link concept of the one-stop-shop – businesses have difficulty in discovering exactly what is on offer and often find that the various schemes are not tailored precisely enough to their needs. This was one of the conclusions of “Your Business Matters” – a series of conferences organised by national business organisations over the last year, in response to a request by the Prime Minister for a major initiative to involve small businesses in the development of Government policy.

“Your Business Matters” – what the conferences told us

- “My remit is to report back on Bradford's opinion of the information, advice and counselling that is given to small businesses and if this was a letter, I think I'd sign it Confused of Bradford.”
- “The Government is running a lot of potentially useful schemes that most small businesses have never heard of.”
- “Government is not doing a very good job of getting information across to small businesses.”

1.9 At the final Your Business Matters conference on 11 March, the Prime Minister therefore announced this review, promising that its preliminary conclusions would be reported in the 1996 Competitiveness White Paper and in more detail in this consultation document.

What is the scope of the review?

1.10 This review covers all direct support for businesses which is funded by central Government. This means that it:

- covers support from all Government Departments, not just DTI
- does not cover Government expenditure which benefits business indirectly, such as expenditure on roads or schools
- does not cover schemes co-financed by the European Union but not by the Government.

1.11 The review is limited to England only, due to the different structures of business support which exist elsewhere in the UK¹. In the light of the review, the Secretaries of State for Scotland, Wales and Northern Ireland will decide how business support services might be further improved to meet the needs of business in those countries. The Secretary of State for Scotland has already begun wide consultation on a Policy and Financial Management Review of the enterprise networks in Scotland.

¹ Some schemes and services within the review apply throughout the UK. Where changes are made to these in England, consequential changes may be needed in Scotland, Wales and Northern Ireland.

2 Business support: the current picture

2.1 This section sets out the Government's objectives for business support and assesses how successfully current schemes and services meet those objectives.

Business support: its objectives . . .

2.2 The Government funds the provision of support services to businesses because, by helping individual businesses to succeed, the Government can help improve the competitiveness of the nation as a whole.

2.3 Businesses look to Government to provide a stable macro-economy, good infrastructure and a high-quality education and training system. Most businesses then prosper without any further assistance from Government. But in some cases, market imperfections limit the scope which companies have to improve their competitive position. Some small firms, for example, can lack the resources to move their performance beyond the level needed for day-by-day survival.

2.4 The Government seeks to raise UK performance to world class levels in all factors of competitiveness. However, its direct support for business is targeted on the four key objectives set out opposite. These reflect the needs of businesses as identified in the Government's Competitiveness White Papers and confirmed in discussion at the "Your Business Matters" conferences.

. . . the current position . . .

2.5 A wide range of schemes and services is in place to address the above objectives. There are almost 200 business support schemes and services operated by the Government in England (see Annex). Of these:

Objectives of the Government's support for business

The Government will work with partners to improve the competitiveness and long-term profitability of businesses. Where market forces alone are inadequate, it will help them innovate and achieve continuous improvement towards the standards of the best in:

- **People, know-how and skills**

Each business's performance depends crucially on the skills and creativity of its employees. The Government can help businesses enhance those skills at all levels.

- **Technology**

The UK has a world class science and engineering base. The Government seeks to promote its exploitation in the UK, taking account of the opportunities identified in the Technology Foresight reports.

- **Markets**

Government can assist firms by providing information and advice, for example on export markets.

- **Finance and capital**

The Government helps to ensure that imperfections in financial markets do not get in the way of improved performance.

- around three-quarters are operated by the Department of Trade and Industry, with the remaining split between Departments as diverse as the Department for Education and Employment, the Ministry for Agriculture, Fisheries and Food, the Department of the Environment and the Department of National Heritage
- around two-thirds are available to any business, with the remainder targeted at businesses in specific sectors.

2.6 Significant steps have already been taken to ensure that this system addresses its business support objectives in a customer-focused and effective manner. The new, private-sector led approach to support at local level has been particularly welcomed by business customers:

- TECs are proving increasingly successful at forging strong partnerships around a vision of economic development for their area, including definition of the business support needed by the local business community.
- Business Link, which focuses help from Government, Chambers of Commerce, TECs, Enterprise Agencies, local authorities and other partners through a national network of one-stop shops, is bringing much greater cohesion and customer focus into the business services offered by all these partners.

Strategic direction from TECs

Case study: the Capital Market

Milton Keynes & North Bucks Chamber of Commerce, Training & Enterprise and Bedfordshire TEC identified inappropriate or insufficient finance, coupled with management weaknesses, as the key barriers to small business growth in their areas.

Together, they developed the Capital Market – a market place within which local companies with quality investment propositions can be introduced to potential investors with both the capital and the business experience they need.

The scheme, which is delivered through Business Links, is used by unquoted companies with a capital requirement of between £10,000 and £500,000. One hundred potential investors are registered and about thirty company clients come forward a year. There were nine successful matches last year.

Delivery through Business Link

Case study: business networking in the South West

All the Business Links in the South West are participating in a Business Networking initiative, funded through the local Training and Enterprise Councils.

Over the last two years, a dedicated team of Network Brokers in the Business Links has helped nearly 200 small businesses form over 30 networks, giving companies a competitive edge they could not achieve individually. The networks use economies of scale to focus on new business opportunities, new production methods and new markets. Another 30 networks are already being developed.

The networks span a range of industrial sectors, in both urban and rural areas. Some are very local in nature, while others have a strong international dimension. An example is a group of five companies who have clubbed together to produce and sell organic growing mediums for national and international markets. The consortium – Organic Grow Bags – is already looking to increase the size of its premises.

2.7 The other important strand of the Government's work with business to improve its competitiveness is at sectoral level. The delivery of business support through Trade Associations and other sectoral bodies is valuable and cost effective. Companies relate readily to issues and problems which are sector specific and to examples of good practice in their own industry. With Government support and encouragement, Trade Associations have increasingly addressed competitiveness issues, for example by developing supply chain relationships and promoting benchmarking. The Government would like to see more of this.

... can be improved ...

2.8 However, the Government believes that it is not yet working with TECs, Business Links and Trade Associations to full effect.

2.9 First, many of the Government's current schemes were designed before its commitment to giving TECs a leading role in setting strategic priorities for economic development at local level, and before making Business Link the primary access point for all Government services to small and medium-sized businesses. As a result, such schemes tend to be delivered to the customer through a number of separate channels, often specific to the particular scheme.

2.10 Although these schemes are effective in their own terms, the overall impact of such a range of different delivery mechanisms is that companies are often unaware or confused about the relevance of the support which is available. While much could be done to improve the user-friendliness and marketing of individual schemes, as recommended by the "Your Business Matters" report, many of the schemes are products of an approach to business support developed when there was no means of providing an integrated, locally-accessible service.

2.11 Second, although good progress has been made over recent years in delegating the delivery of support to TECs and Business Links, less progress has so far been made in involving these partnerships in the design of support.

2.12 In part, this has been due to the relative newness of the TEC and Business Link networks. But TECs have now become firmly established as playing a leading role in the economic development of their areas. Similarly, the national network of Business Links is now in place, and Business Links have successfully established themselves as the single delivery point for a range of existing services – both from Government and from the other Business Link partners. Their accreditation to an enhanced ISO 9000 standard and to the Investors in People Standard – which all Business Links are committed to achieving by 1999 – promises a high standard of quality.

Delivery through Trade Associations

Case Study: World Class Toolmaker

The initial spur for this initiative was criticism of the toolmaking industry from major customers. Customers felt that costs – and, therefore, prices – were too high and lead times were too long.

The Gauge and Tool Makers' Association (GTMA) responded by developing the "World Class Toolmaker Profile". The main aim was to establish benchmarks to help the industry to compete more effectively in world markets. The Profile provides a self-audit package designed by a working party of GTMA members which sets best practice standards for all areas of a toolmaking business. A company scores itself against each factor and areas falling below the standard are flagged for priority action. Scores are also collated by GTMA. Since the project was launched over two years ago, the average scores have risen by about 19 per cent. About 100 toolmaking companies are now involved in the initiative. Feedback from key customers such as Boots, Rover and Electrolux has been very positive.

DTI has worked alongside the GTMA and, in particular, has supported a range of dissemination activities such as publications, national conferences and regional seminars. DTI funding totalled £140,000 over three years.

2.13 Finally, despite the many successful initiatives originating within sectors, the ad hoc way in which the present position has grown up gives some grounds for concern. There is a need, as with local support, to ensure that Government-funded sectoral support is driven to the maximum extent by customer pull rather than Government push. In addition, there is a danger of overlapping or duplicating activity – either between one sector and another or between local and sectoral activity. It is therefore important to ensure that Government-supported sectoral activity addresses genuine sectoral needs and does not, for example, stray into territory best covered by the local mechanism.

. . . by building on success for the future.

2.14 In short, the time is right for a radical look at the whole process by which Government works with business in the design, delivery and marketing of business support, to bring such assistance fully in line with the new infrastructure of TECs and Business Links, and to make greater and more effective use of the expertise offered by Trade Associations and other sectoral bodies.

2.15 The Government's proposals for achieving this are set out in Section 3.

3 A new approach to business support

3.1 The revolution in business support which the Government started with the creation of TECs and Business Links needs to be followed through and then subjected to continuous improvement in the light of experience and changing business need. The Government proposes to apply three principles in doing so. These are set out below.

Businesses are the best judge of what they need . . .

3.2 The Government wants to ensure that its business support expenditure is focused on meeting the needs of its business customers. It believes that this can be achieved only by involving business closely in both the design and the delivery of support.

3.3 The Government proposes to achieve this by giving the business-led partnerships in TECs and Business Links greater responsibility for designing and delivering business support, to enable support to be better tailored to the needs of individual business customers. This would involve:

- Making Business Link partners responsible for the delivery of a range of services currently delivered by Government or public agencies, such as the Managing in the 90s programme and the local delivery of a significant part of the Government's export services.
- More importantly, asking TECs and their Business Link partners to take on responsibility for designing the support needed by businesses in their areas, either by developing their own activities or by feed-back to those designing activities centrally.

3.4 While the Government intends to focus its business support at local level because that is what smaller firms say they want, it also recognises that a sectorally-targeted approach can be a particularly effective way of raising business competitiveness.

3.5 Promoting both a sectoral and local approach, however, would continue the current scope for duplication. The Government therefore intends that at local level emphasis should be placed on generic business improvement issues, such as advice and counselling on management best practice; while at sectoral level emphasis should be placed on sector-specific issues.

3.6 In relation to sectoral activities, the Government proposes to apply the principle of moving support closer to the business customer, by asking business-led sectoral bodies such as Trade Associations, National Training Organisations² and Research and Technology Organisations, to take on a leading role in the design and delivery of Government-funded sectoral support.

² Currently Industry Training Organisations. The Government is reviewing the performance of ITOs. Those achieving high standards will be recognised as part of a network of National Training Organisations.

3.7 In some cases, the Government would be prepared to fund programmes of support designed and delivered by groups of individual companies. But this would only be where necessary support could not be provided through Business Links or sectoral bodies, and where the companies were able to demonstrate that the support would benefit a wide range of businesses in their area or sector.

3.8 Lastly, the Government currently gives some forms of assistance which it believes are desirable, but for a variety of reasons cannot be delegated to local or sectoral level. The Government's proposals for dealing with such forms of assistance are set out at Section 6.

. . . those involved in business support should be empowered to deliver results . . .

3.9 In addition to asking business-led partnerships to take responsibility for the design and delivery of business support, the Government believes it should give those partnerships the freedom to deliver results.

3.10 The Government will therefore not predetermine the particular activities that should be undertaken with its funding. The Government will set out the objectives, and agree the outcomes which need to be achieved, giving local and sectoral partnerships and other business-led bodies maximum flexibility (subject to public accountability and value for money requirements) to decide how best to achieve those outcomes.

3.11 The Government therefore intends to simplify its funding streams to TECs and Business Links, to reduce bureaucracy and provide much greater local discretion. For example, all TEC budgets for helping companies meet and plan their skill needs will be merged into a single budget stream.

3.12 In addition, the Government intends in future to relate its funding for business support wherever possible to genuine, quantified impacts on business practice and performance. Often in the past, Government funding for business support has been based on the levels of inputs – numbers of seminars conducted, companies visited and so on – which can distort support away from a focus on customer needs. Indicators should be linked to the problems the services are trying to address. For example, if the Government is being asked to intervene because the market alone does not provide enough information about export opportunities, the indicators should show how much extra information has been provided, at what cost, and what its impact is on export performance.

3.13 The Government would welcome views on what should be measured. At present, it has in mind indicators such as:

- changes leading to improved turnover, exports and productivity
- increased employment
- attainment of the Investors in People Standard
- more effective supply chains
- more effective transfer of technology.

3.14 However, the Government recognises that hard impact measures for business support can be difficult to pin down. It therefore wants to strike a balance between flexibility and the need for national consistency. One possibility would be to invite local and sectoral partnerships to put forward their own proposals for how their performance should be measured.

. . . and Government should focus its resources where they will have most impact.

3.15 The Government wants to ensure that its business support resources achieve the maximum possible impact. It therefore proposes to apply more widely the “challenge funding” approach initially pioneered in the area of urban regeneration. The Single Regeneration Budget, which allocates the Government’s regeneration expenditure to the most effective local partnerships through a process of competitive bidding, has, according to the Environment Select Committee, “already demonstrated its potential to achieve excellent value for taxpayers’ money.”

3.16 The Government has already introduced the challenge approach to its business support expenditure in some limited ways, through the announcement in the 1995 Competitiveness White Paper of:

- a Sector Targets Challenge to Industry Training Organisations
- a Skills Challenge for groups of individual companies
- a Technology Foresight challenge for collaborative research projects.

3.17 These initiatives are already proving a successful way of stimulating effective and innovative approaches to business support. The Government therefore proposes to extend the principle of challenge funding, particularly at local and sectoral level, learning from the experience of these early initiatives.

4 Helping businesses to win – at local level

4.1 The Government proposes to bring together support for small and medium sized businesses into a Local Competitiveness Budget, worth around £200 million a year.

4.2 Most of this budget would continue to be allocated through the Government Offices' contracts with TECs, to ensure a consistent level of high-quality business support by TECs and Business Links across the country.

4.3 The Government proposes to make the rest of the Local Competitiveness Budget available on a challenge basis to the most effective partnership bids. In most cases, these would be led by TECs, as the key strategic partner at local level, with delivery of support going through Business Links. TECs could work together or singly with other partners. Challenge funding for TECs or groups of TECs would go through the Government Offices, integrated with current arrangements wherever possible.

4.4 Bids would be invited annually, and would be for funding for up to three years.

4.5 As in the Single Regeneration Budget, indicative allocations of challenge resources would be made to each region. Government Offices would take the lead in assessing bids, with a significant element of independent, external advice from business. Ministers would take the final decisions.

Centrally designed, locally delivered support

These proposals do not mean that there will no longer be any role for the Government centrally in the design of locally delivered services.

In some cases, design of services will most efficiently be handled at national level. For example, there are economies of scale involved in the collection and dissemination of information on export markets which it would not make sense for Business Links to duplicate or replace.

In such cases, the Government should continue to play a direct role. Thus in the example above, the Government's Overseas Trade Services (the DTI's Export Branches, Export Promoters and Area Advisory Groups, and the Foreign and Commonwealth Office's overseas posts) will continue to help UK businesses to win in world markets.

In future the Government will market only Business Link as the first point of contact for small and medium-sized businesses for such services, while recognising that some companies may still want to gain access to them directly. And the Government proposes to establish machinery whereby TECs, Business Links and other deliverers will be consulted on their priorities for the design and marketing of such central services.

Assessing local bids: proposed criteria

Detailed bidding guidance would need to be issued in due course, integrated for TECs in the Planning Guidance issued by the Secretary of State for Education and Employment. In general terms, however, the Government believes that successful bids would be ones which best:

- Contributed to achievement of the Government's objectives for business support as set out on page 4, without duplicating existing programmes.
- Contributed, in particular, to achievement of the actions and targets set out in the local competitiveness analyses drawn up by Government Offices and local partners.
- Demonstrated quantifiable impacts on business performance, as set out at paragraphs 3.12 and 3.13 above.
- Demonstrated that the support would benefit a wide range of local businesses.
- Represented real partnerships between all the different organisations able to bring resources to bear on a problem. This means that collaboration between TECs and Business Links would be encouraged – at local, regional and, where appropriate, national level – and that bids should not just cover action by TECs and other Business Link partners, but also the involvement as appropriate of universities, trade associations, local employer bodies and so on.
- Levered in resources from non-Government sources.

4.6 The Government would welcome views on what proportion of the Local Competitiveness Budget should be opened up to challenge, and how much would need to be guaranteed to each area through TECs and Business Links. The Government's preliminary view is that the challenge element should be up to 25 per cent. It would need to increase to that level over time, as resources were released from existing commitments, but the Government would hope for it to move towards the top of the range within three years.

Helping rural businesses

Last year's Rural White Paper set out the Government's commitment to addressing the particular problems faced by businesses in rural areas. The business support services provided by the Rural Development Commission (RDC) play a key role in fulfilling that commitment.

In addition, now the national Business Link network is complete, Business Links are increasingly focusing on the needs of rural companies.

The Government wants to strengthen the coordination of RDC and Business Link services, in order to provide rural firms with a clear and better resourced source of assistance. The RDC has already entered into joint-working arrangements with 25 Business Links in rural development areas.

The Government therefore proposes to work with Business Link partners to ensure that such joint-working arrangements, including joint branding of services, are extended to all Business Links in rural development areas as early as possible in 1997.

Also, the Government would welcome views from rural businesses on whether they would wish to see the challenge approach applied to the RDC's business support services on the same basis as to the rest of the Local Competitiveness Budget. Under this proposal, the RDC would eventually contribute up to 25 per cent of its business support expenditure (currently £3.8 million) to the challenge fund. In practice this is likely to mean the withdrawal of the Rural Counselling Grant and some marketing grant. However the RDC's contribution to the challenge fund would be reserved for the best bids from partnerships in rural development areas. In addition, the RDC, in partnership with relevant Business Links, would have the opportunity to bid for further resources in support of rural enterprise from the much wider local challenge fund.

5 Helping businesses to win – at sectoral level

5.1 The Government proposes to provide support through Trade Associations and other sectoral bodies, on a competitive basis, where it can be shown that businesses need support which is specific to their sector.

5.2 The Government therefore proposes to bring together programme expenditure in support of sectoral competitiveness into a Sector Challenge Budget, which will build up to around £40 million a year.

5.3 The “sponsorship” role of DTI and other Departments, acting as advocates for sectors of industry in Government and working with sectors on how they might improve their competitive position, will continue. But the large majority of expenditure to support sector competitiveness work will go into the Sector Challenge Budget.

5.4 This means that, in addition to existing sectoral funding, the Budget would encompass for example:

- some export assistance, such as DTI's Trade Fairs programme
- funding currently spent through Industry Training Organisations (other than their work in developing training standards and frameworks, which would continue to be funded by DFEE through the new network of National Training Organisations).

5.5 Business-led partnerships (of Trade Associations, National Training Organisations, Research and Technology Organisations and other sectoral bodies) would be invited to bid for funding for programmes to improve sectoral competitiveness. They would have to avoid duplicating other existing programmes;

Government and Trade Associations in partnership

Case study: Industry Forum in the automotive sector

With the support of DTI, the Society of Motor Manufacturers and Traders launched its Industry Forum two years ago to improve the competitiveness of the automotive sector.

Last year the industry agreed with DTI the need for a long-term, sustainable strategy to tackle the key competitiveness issues of the sector.

An Industry Forum Board, comprising the Chief Executives of Lucas, Nissan, Unipart and Leyland Trucks was appointed to take forward this strategy. At a conference in November 1995 the Industry Forum unveiled its action plan to:

- Create a clear, concise package of company performance measures for the automotive industry.
- Design and deliver practical programmes to help companies improve competitiveness.
- Ensure that the industry has easy and ready access to these programmes, including through Business Links, TECs and other business support organisations.

DTI has supported this action with funding of £150,000.

and in some cases, where for instance there was a geographical concentration of firms, work in partnership with TECs and Business Links. They would need to demonstrate broad sectoral coverage, and customer demand, for the initiatives. Companies would then benefit by participation in the programmes of support designed and delivered by the winning bidders.

5.6 The Government would welcome views from sectoral organisations on whether bids under the Sector Challenge Budget should be invited annually or more frequently.

5.7 The Government's assessment of the bids would be coordinated by DTI, with other relevant Departments fully involved and with a significant element of independent, external advice from business. Ministers would take the final decisions.

Assessing sectoral bids: proposed criteria

Detailed bidding guidance would need to be issued in due course. In general terms, however, the Government believes that successful bids would be ones which best:

- Contributed to achievement of the Government's objectives for business support as set out on page 4, without duplicating existing programmes.
- Contributed, in particular, to achievement of the actions and targets set out in the sectoral competitiveness analysis drawn up by the sector and its sponsoring Department.
- Demonstrated quantifiable impacts on business performance, as set out at paragraph 3.12 and 3.13 above.
- Demonstrated that they had the support of, and would benefit, a significant proportion of businesses in the sector.
- Represented real partnerships between all the different organisations able to bring resources to bear on a problem. Sectoral bodies would be encouraged to work closely with TECs and Business Links, particularly where there is geographic concentration in the sector.
- Levered in resources from non-Government sources.

6 Reducing bureaucracy at the centre

6.1 Some of the Government's business support schemes are successful, have been welcomed by business, yet do not easily fit the model set out in Section 2. That is, the objectives of these schemes could not easily be met by dissolving the schemes and making the resources available to local and sectoral partnerships. These are the schemes marked with an asterisk in the Annex. They fall into the following categories:

- schemes which require too great a concentration of expertise and resource to be delegated sensibly to local level and which address national priorities (such as some export market services, and some cross-sectoral technology transfer schemes, including environmental technology and energy efficiency schemes)
- discretionary grant schemes which cannot be administered by TECs and Business Links without a change in the law, such as Regional Selective Assistance
- schemes delivered by the banks (the Small Firms Loan Guarantee Scheme and Small Firms Training Loans)
- national award schemes, such as the National Training Awards
- the very few schemes targeted at large companies, such as the Civil Aviation Research and Development (CARAD) programme and launch aid in the aerospace sector.

6.2 The Government believes that these schemes are valuable and should continue, even though for the reasons listed above they are not suitable for organisation at local or sectoral level. However, the Government would welcome views on whether the objectives of some of the particular schemes in these categories might in fact be met effectively at local and sectoral level.

6.3 In addition, the Government intends to make this centrally provided support more effective and accessible to the business customer by:

- significantly reducing the number of separate schemes, and improving their presentation and accessibility
- reducing bureaucracy and shortening response times in the schemes that remain
- consulting businesses and business support organisation on these changes, and much earlier than hitherto on the design of any future schemes which might need to be delivered at central level.

6.4 For example, the Government would welcome views on the scope for drawing together the numerous different schemes it provides to encourage the transfer of technology to smaller firms. In particular, what is the most effective method of providing access to technology for firms?

6.5 And on research, the Government wants to see business in partnership with the science base responding positively to the opportunities identified in the Technology Foresight reports. Two major national schemes – LINK and the Foresight Challenge – currently offer support for collaborative research projects which address Foresight priorities. There is already a degree of coordination between LINK and Foresight Challenge. However, there may be scope for making these two schemes more effective and user-friendly by drawing them closer together. The Government would welcome views on how this might be achieved.

7 Next steps

A commitment to early action . . .

7.1 The period of consultation on the proposals in this paper will run from 13 June 1996 to 6 September 1996. As soon as possible in the autumn of 1996, and in the light of comments received during the consultation, the Government plans to announce the results of its review of business support. In particular, it would:

- aim to publish bidding guidance, with a view to launching the first challenge rounds in 1997/98
- announce steps to simplify those forms of assistance which, for the time being, will continue to be designed and delivered centrally.

. . . to continuous improvement in business support . . .

7.2 The new approach set out in this consultation paper would represent a deep and lasting change in the design and delivery of business support funded by Government.

7.3 The Government therefore intends regularly to review its business support system to ensure it conforms to the approach set out in this consultation paper. In particular, the Government proposes to keep the remaining centrally delivered schemes under regular review, with a view to de-centralising their delivery wherever possible.

7.4 The objectives for business support set out in this paper will be taken into account in all business support provision, including schemes financed by the European Union but not directly by the Government. These should complement, not overlap with, Government support. Government Offices will keep under review the coherence of all programmes of support, within the framework of their agreed regional competitiveness analyses.

. . . and to consultation with businesses.

7.5 The Government will place particular weight on the views of:

- businesses, whether or not they are existing customers of the Government's business support services, and organisations representing the views of business
- the organisations involved in the design and delivery of those services, particularly Business Link partners (TECs, Chambers of Commerce, Local Authorities and Enterprise Agencies), the RDC, Trade Associations, Industry Training Organisations and Research and Technology Organisations
- others involved in improving competitiveness.

Key issues

- Do the objectives on page 4 properly reflect the purpose of the Government's business support system as they are understood by business customers and business support organisations?
- Is the Government right to seek to delegate design and delivery of business support to business-led partnerships at local and sectoral level? (See Section 3.)
- What sort of impact measures should the Government assess the performance of those partnerships against? (See paragraphs 3.12 – 3.14.)
- What proportion of the proposed Local Competitiveness Budget could be opened up to challenge while still ensuring a consistent level of high-quality business support by TECs and Business Links across the country? (See paragraph 4.6.)
- Is the Government right to believe that bids for challenge support under the Local Competitiveness Budget should be invited annually, normally for three year funding? Should bids for the Sector Challenge Budget be invited annually or more frequently? (See paragraphs 4.4 and 5.6.)
- Are the proposed criteria for assessing local and sectoral challenge bids appropriate as a basis for developing detailed bidding guidelines? (See boxes in Sections 4 and 5.)
- Is the Government right to believe that the schemes earmarked for continued central provision (marked with an asterisk in the Annex) should continue to be centrally-managed, or can the objectives of some of the schemes be effectively met by design and delivery at local or sectoral level? (See paragraph 6.2.)
- What sort of mechanisms need to be established to involve businesses and business support organisations in the design and marketing of the remaining central services? (See paragraph 6.3.)

7.6 The Government would welcome views on all the issues raised by this paper, and in particular on the key issues set out opposite.

7.7 Comments should be sent to the Cabinet Office at the address below, by 6 September 1996. In addition, the Government Offices for the Regions will be organising open consultation meetings in their regions. Unless confidentiality is requested, comments may be made publicly available.

Cabinet Office
Room 57a
Government Offices
Horseguards Road
London SW1P 3AL
Fax: 0171 270 6490
E-Mail: hbwconsult@gt.net.gov.uk

7.8 Further copies of this consultation paper can be obtained from Cabinet Office Publications on 01277 262200, extension 223, (Fax 01277 262500) or on the Internet at:

<http://www.open.gov.uk/co/cdcompap.htm>

8 Current business support services and schemes

Ministry of Agriculture, Fisheries and Food

Export services to agriculture industry
Food from Britain
Marketing Development Scheme
National harbour grant scheme*
Technology Transfer schemes

Department for Education and Employment

Employers Investors in People
Business support through Industry Training Organisations
National Training Awards*
Skills for small businesses
Skills Challenge (with DTI)
Small Firms Training Loans*
Using graduate skills

Department of the Environment

Energy Efficiency Best Practice Programme*
Environmental Technology Best Practice Programme (with DTI)*
Partners in Technology*
Promotion of positive environmental management in industry programme*
Business support services of the Rural Development Commission
Small Company Environmental and Energy Management Assistance Scheme*

Department of National Heritage

British Screen Finance (BSF)*
DNH tourism sponsorship strategy*
Regional business advisory services funded by the English Tourist Board

Overseas Development Administration

Pre investment feasibility studies scheme/Training for investment personnel scheme

Department of Transport

Government Assistance for Training (GAFTS)*
 Development of Certificated Seafarers (DOCS)*
 Crew Relief Costs Scheme (CRCS)*

Department of Trade and Industry (examples of current schemes)**People, know-how and skills**

Business Links services, including Personal Business Advisers and other specialist counsellors
 Skills Challenge (with DfEE)
 Managing in the 90s
 Sectoral best-practice and benchmarking initiatives
 Time to Market Association
 Languages in Export Advisory Scheme*
 Information Society* (also "Technology" and "Markets")
 Environmental Technology Best Practice Programme (with DOE)* (also "Technology")

Technology

Business Links services, including Innovation and Technology Counsellors
 Engineers from Abroad
 Mechanical Engineering Technology Transfer
 Japan Electronics Business Association
 Carrier Technology Programme
 Teaching Company Scheme¹ *
 Overseas Science and Technology Expert Missions Scheme*
 LINK²*
 Foresight Challenge*
 Information Society*

Markets

Business Links services, including Personal Business Advisers and Export Development Counsellors
 Regional Supply Network
 Trade Fairs support
 Export promoters*
 Action Single Market*
 Export information services* (primarily accessed through Business Links)

Finance and Capital

Small Firms Loan Guarantee Scheme*
 Regional Selective Assistance*
 SMART and SPUR*
 Civil Aviation Research and Development Programme (CARAD)*

¹ Teaching Company Scheme is a multi-departmental programme, for which the central co-ordination is provided by DTI.

² LINK is a multi-departmental programme, for which the central co-ordination is provided by the Office of Science and Technology.

